

**SPECIAL CALLED SESSION OF JEFFERSON COUNTY COMMISSION**

**MONDAY, DECEMBER 17, 2018, 6:30 PM**

**JEFFERSON COUNTY COURTHOUSE MAIN COURTROOM**

**I. CALL TO ORDER**

**II. ROLL CALL**

**III. PRAYER**

**IV. PLEDGE OF ALLEGIANCE**

**V. DISCUSSION AND ACTION**

Related to Resolution 2018-66, Resolution of the Industrial Development Board of Jefferson County, Tennessee Approving an Economic Impact Plan for the 417 Southwest Commercial Park.

**VI. ADJOURN**

## Resolution 2018-66

### **A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT BOARD OF JEFFERSON COUNTY, TENNESSEE APPROVING AN ECONOMIC IMPACT PLAN FOR THE 417 SOUTHWEST COMMERCIAL PARK AND AUTHORIZING THE SUBMISSION OF SUCH PLAN TO THE TOWN OF DANDRIDGE AND JEFFERSON COUNTY, TENNESSEE**

**WHEREAS**, The Industrial Development Board of Jefferson County, Tennessee (the "Board") has prepared an economic impact plan (the "Economic Impact Plan") regarding the development of property located on the southwest side of Exit 417 of Interstate 40 in Jefferson County, Tennessee (the "Plan Area"); and

**WHEREAS**, the development of the Plan Area would include commercial retail facilities including a recreational vehicle dealership, one or more hotels, restaurants, grocery stores and other similar commercial facilities consistent with the overall nature of commercial development; and in order to facilitate the commercial development, the Plan Area would include the construction of improved public infrastructure, including a wastewater collection system that will provide improved sewer service to these properties (the "Project"); and

**WHEREAS**, the Economic Impact Plan would permit certain tax increment incentives ("Tax Increment Incentives") to be provided pursuant to Chapter 53, Title 7 of the Tennessee Code Annotated; and

**WHEREAS**, the proceeds of the Tax Increment Incentives would be used to pay or finance eligible costs (the "TIF Eligible Costs") relating to the development of the Project; and

**WHEREAS**, certain incremental property tax revenues (the "TIF Revenues") that result from the development of the Plan Area under the Economic Impact Plan will be allocated to the Board as provided in the Economic Impact Plan to be used to assist in providing the Tax Increment Incentives; and

**WHEREAS**, a portion of the TIF Revenues will be applied to pay costs of maintaining the Project; and

**WHEREAS**, any financing of the Board secured by TIF Revenues shall not represent or constitute a debt or pledge of the faith and credit or the taxing power of the Board, the Town of Dandridge, or Jefferson County, Tennessee; and

**NOW, THEREFORE, BE IT RESOLVED** by The Industrial Development Board of Jefferson County, Tennessee as follows:

**RESOLVED**, that the Economic Impact Plan, in the form attached hereto as Exhibit A, is hereby approved by the Board and recommended to the Town of Dandridge and Jefferson County, Tennessee; and further

**RESOLVED**, that the Board shall refer and submit the Economic Impact to the Board of Mayor and Aldermen of the Town of Dandridge, Tennessee for approval; and further

**RESOLVED**, that the Board shall refer and submit the Economic Impact Plan to the Board of County Commissioners of Jefferson County, Tennessee for approval; and further

**RESOLVED**, that any and all other actions heretofore taken on behalf of the Board to prepare, refer and submit the Economic Impact Plan to the Board of Mayor and Aldermen of the Town of Dandridge, Tennessee and Board of County Commissioners of Jefferson County, Tennessee are hereby approved, ratified and confirmed in all respects; and further

**RESOLVED**, that the officers of the Board are hereby authorized to take all appropriate action to carry out the terms of the Economic Impact Plan.

Adopted this 19<sup>th</sup> day of November, 2018.

THE INDUSTRIAL DEVELOPMENT BOARD OF  
JEFFERSON COUNTY, TENNESSEE

By:   
Chairman

Attest:

  
Secretary

**THE INDUSTRIAL DEVELOPMENT BOARD OF JEFFERSON COUNTY,  
TENNESSEE**

**ECONOMIC IMPACT PLAN  
FOR  
417 SOUTHWEST COMMERCIAL PARK**

**I. Authority for Economic Impact Plan**

Industrial development corporations ("IDBs") are authorized under Tenn. Code Ann. § 7-53-312 to prepare and submit to cities and counties an economic impact plan with respect to an area that includes an industrial park within the meaning of Tenn. Code Ann. § 7-53-312 or a project within the meaning of Tenn. Code Ann. § 7-53-101 and such other properties that the IDB determines will be directly improved or benefited due to the undertaking of such industrial park or project. Tennessee Code Annotated § 7-53-312 also authorizes cities and counties to apply and pledge certain incremental tax revenues, which arise from the area subject to the economic impact plan, to the IDB to promote economic development, to pay the cost of projects or to pay debt service on bonds or other obligations issued by the IDB to pay the costs of projects.

**II. The Project**

H & J Developers, a Tennessee general partnership, or an affiliate thereof (collectively, the "Developer") has purchased certain tracts of real property just southwest of Interstate 40 at Exit 417 on Sharon Drive and has options to purchase additional tracts of property containing substantial contiguous acreage fronting Highway 92 in Jefferson County, Tennessee. In order to facilitate the commercial development of these parcels of property, the Developer is proposing to cause the construction of improved public infrastructure, as is described below, including a wastewater collection system that will provide improved sewer service to these properties. On these parcels, the Developer is also proposing to cause the development of commercial retail facilities including a recreational vehicle dealership, one or more hotels, restaurants, grocery stores and other similar commercial facilities consistent with the overall nature of commercial development. The Developer has represented to the Board that the operators of some of these commercial retail facilities have committed to locate on the parcels within the Plan Area subject to the construction of the necessary public infrastructure described herein. The wastewater collection system and the commercial retail facilities described in this paragraph are collectively referred to herein as the "Project." The Project is an eligible project within the meaning of Tenn. Code Ann. § 7-53-101(13).

In order to make the undertaking of the Project financially feasible, the Developer has requested that Jefferson County, Tennessee (the "County") and the Town of Dandridge, Tennessee (the "City") approve, as part of this Economic Impact Plan, the use of a tax increment

incentive through The Industrial Development Board of Jefferson County, Tennessee (the "Board") pursuant to Title 7, Chapter 53 of Tennessee Code Annotated to provide funds to pay a portion of the costs of the Project, including the public infrastructure necessary to serve the Project. The tax increment incentive would be used to pay for public improvements including, but not limited to, the improved wastewater collection system, road and traffic improvements, storm water and drainage improvements and other utility improvements that are necessary for the development of the Project.

### **III. Boundaries of Plan Area**

The Project is located on the southwest side of Exit 417 of Interstate 40 in the City and the County. The area subject to this Economic Impact Plan includes the property on which the Project will be located and certain adjacent properties to the Project (not owned by the Developer) and will also be deemed to include the public property adjacent to these properties on which the required public infrastructure will be constructed. The area that will be subject to this plan (the "Plan Area") is shown on Exhibit 1 attached hereto. A list of the parcels included in the Plan Area is also attached as part of Exhibit 1. The Plan Area is hereby declared to be subject to this Economic Impact Plan, and the Project is hereby identified as being included in the Plan Area. All parcels within the Plan Area will directly and materially benefit from the development and construction of the Project.

### **IV. Financial Assistance to Project**

The Board will provide financial assistance to the Project by applying the tax increment incentive in the manner described below to paying or reimbursing the Developer for the payment of all or a portion of certain costs that will be incurred in connection with the development of the Project. These costs relate to the acquisition of property for and the construction and installation of public improvements to be made in or adjacent to the Plan Area that are necessary to serve the Project. Those public improvements include, but are not limited to, the following:

- \* Construction of an extension of Sharon Drive from its current terminus heading west approximately 900 lineal feet.
- \* Construction of improved wastewater collection systems along the Sharon Drive extension and the new road described below for sewer and storm water collection.
- \* Improvement of water, power and communications systems in the Plan Area that will allow the area to be more commercially viable for future development.
- \* Installation of a 12-inch water line along the Sharon Drive extension and continuing for approximately 500 feet north to Interstate 40.

- \* Construction of a new road, with traffic signalization, approximately 1,600 foot long on property fronting Highway 92 that will be accompanied by a significant storm water drainage system.

The Board, subject to the terms of a development agreement to be negotiated with the Developer, will pay and/or reimburse the Developer for all or a portion of the cost of such public improvements upon receipt of adequate documentation of such costs. The Board and the Developer will enter into the development agreement specifying the scope of the public improvements and the cost of the public improvements to be paid or reimbursed. The maximum amount that will be made available by the Board for such financial assistance shall be \$2,500,000.

#### **V. Expected Benefits to City and County**

The Project will benefit the City and the County by providing jobs, providing substantial tax revenues to the City and the County, transforming a challenging site area into a productive commercial focal point, and providing enhanced public infrastructure. The Plan Area currently only has access to a six-inch water line and suffers from inadequate storm water management. The installation of a 12-inch water line that will connect with an existing line on the north side of Exit 417 will promote growth on the south side and improve fire protection. Storm water will be much better managed once the drainage system in the Plan Area is in place and will allow for additional land to be utilized for commercial development.

Much of the land within the Plan Area is presently providing very little property tax revenue to the City or the County as most parcels in the Plan Area are not developed. Certain incremental property tax revenues resulting from the development of the Plan Area will be allocated to the Board for a maximum period of twenty years (as described below) as part of a tax increment incentive described below. During the allocation period as to each tax parcel, the City and the County will immediately benefit from additional tax revenues that relate to debt service of the City and the County (as is described below) and from the portion of the incremental property tax revenues retained by the City and the County (as is described below). Following such allocation period, the City and the County will substantially benefit from the increase in the property taxes resulting from the development of the Plan Area. These additional property tax revenues collectively payable to the City and the County are conservatively estimated to exceed \$250,000 per year after the allocation period ends.

The City and the County are also receiving very little sales tax revenues from the Plan Area, and following development of the Plan Area, the County (via school system allocation) and the City are expected to receive substantial additional sales tax revenues as a result of the development of the Plan Area. The anticipated annual sales revenue from the businesses who have committed to locate in the Plan Area and from those being recruited to the Plan Area is approximately \$61,000,000 according to the Developer's estimates. While some of these sales will be sales that otherwise would have occurred at present business locations (particularly grocery and restaurant sales) in the City and the County, there will be a significant portion of new sales within the Plan Area due to the new products being offered by anticipated retailers and casual dining establishments not currently located in the County. More specifically, one committed occupant will sell items that will bring customers from locations outside of the County and outside the State of Tennessee. The location of additional shopping and dining

establishments will eliminate the necessity of driving to other communities to shop or dine and encourage additional discretionary spending by the County and surrounding county residents. The additional sales tax revenues available collectively to the City and the County are expected to exceed \$1 million annually once the Plan Area is fully developed based upon the Developer's projections.

As was stated above, development of the Project will also create a significant number of jobs within the City and the County. During the construction of the commercial facilities and public infrastructure in the Plan Area, the development will generate a substantial number of construction jobs. After the development of the Plan Area, long-term employment opportunities will exist at the Project. The Developer estimates that the number of new jobs at the commercial facilities expected to be constructed as part of the Project is expected to be approximately 220 once the Plan Area is fully developed. The average wage for these jobs is expected to be approximately \$11.50 per hour (excluding benefits). Economic studies and the State of Tennessee acknowledge multiplier effects for new wages within a community, with such multipliers generally ranging between 1.0 and 3.0. Thus, personal income spending resulting from these new wages will further result in additional economic benefits to the City and the County.

## **VI. Distribution of Property Taxes and Tax Increment Financing**

a. Distribution of Taxes. Property taxes, including personal property taxes, imposed on the property located within the Plan Area shall be allocated and distributed as provided in this subsection. The taxes assessed by the City and the County on the real and personal property within the Plan Area will be divided and distributed as follows in accordance with Tenn. Code Ann. § 7-53-312(c) and Title 9, Chapter 23 of the Tennessee Code Annotated, being the Uniformity in Tax Increment Financing Act of 2012 (the "Tax Increment Act"):

i. The portion of the real and personal property taxes payable with respect to the Plan Area equal to the year prior to the date of approval of this Economic Impact Plan (the "Base Tax Amount") shall be allocated to and, as collected, paid to the City and the County as all other taxes levied by the City and the County on all other properties; provided, however, that in any year in which the taxes on the property within the Plan Area are less than the Base Tax Amount, there shall be allocated and paid to the City and the County only the taxes actually imposed.

ii. Eighty percent (80%) of the excess of real and personal property taxes over the Base Tax Amount (the "TIF Revenues") shall be allocated and, as collected, paid into a separate fund of the Board, created to hold TIF Revenues until such TIF Revenues are applied to pay debt service on the obligations expected to be issued by the Board to finance the costs of the public improvements described above or otherwise applied to pay eligible costs relating to the Plan Area. The remaining 20% of such excess of real and personal property taxes shall be retained by the City and the County subject to the provisions below.

This allocation is subject to the provisions of Tenn. Code Ann. §7-53-312(j) and Tax Increment Act, which requires that taxes levied upon property within the Plan Area for the payment of debt

service of the City and the County shall not be allocated to the Board. If the portion of incremental taxes of the City or the County to be used for the payment of debt service is less than 20% of the incremental property tax revenues permitted to be allocated to the Board under the Tax Increment Act, then the amount withheld to pay debt service of the City or the County shall be credited against the 20% of increment withheld as described in paragraph (ii) above, and no additional amount shall be withheld in addition to such 20% withheld. If the portion of the incremental taxes of the City or the County to be used for the payment of debt service is more than 20% of the incremental property tax revenues permitted to be allocated to the Board under the Tax Increment Act, then the amount withheld for such purposes shall be in the amount required by the Tax Increment Act, but no amount shall be withheld by the City or the County under paragraph (ii) above.

The Board is authorized to make all calculations of TIF Revenues on the basis of each parcel within the Plan Area instead of on an aggregate basis as permitted by the Tax Increment Act. If the Board opts to have such calculations made based upon each parcel, the Board shall give notice to the City and the County that such methodology will be used prior to the first allocation date of any TIF Revenues.

As permitted by the Tax Increment Act, the Board is hereby authorized to separately group one or more parcels with the Plan Area for purposes of calculating and allocating the TIF Revenues, and in such case, the allocation of TIF Revenues shall be calculated and made based upon each such parcel or group of parcels, and not the entire Plan Area. The Board is specifically authorized to undertake such grouping of parcels at any time that this Plan is effective as of the beginning of any year (but not later than the fourth full year commencing after the execution of the development agreement with the Developer), and the Board may reserve the right in any development agreement with the Developer to regroup one or more parcels for purposes of making the calculations of TIF Revenues hereunder. The Board shall give notice of any such grouping of parcels to the City and the County.

The Board is also authorized to designate, by notice to the City and the County, that the allocation of TIF Revenues from any parcel or group of parcels shall begin in different years in order to match TIF Revenues with the application of TIF Revenues for the purposes provided herein, subject to the maximum allocation period as to any parcel provided below, provided that allocation of TIF Revenues as to any parcel in the Plan Area must commence no later than the fourth full year after the execution of the development agreement with the Developer.

Allocations of TIF Revenues collected by the City and the County that are not delinquent shall be made as to each tax year no later than sixty (60) days after the date such taxes would be delinquent in payment, allocations of TIF Revenues relating to delinquent taxes shall be made not later than sixty (60) days from when such TIF Revenues are collected by the City or the County.

b. TIF Obligations. In order to pay for the costs of the public improvements needed for the Project, the Board expects to use the incremental tax revenues that it would receive as a result of the adoption of the Economic Impact Plan to pay debt service on obligations incurred to finance such costs. This tax increment financing would be structured as follows:



i. The Board will borrow not to exceed \$2,500,000 through the issuance and sale of notes, bonds or other obligations of the Board. The Board shall pledge any and all TIF Revenues allocated to the Board pursuant to this Economic Impact Plan to the payment of such notes, bonds or other obligations. In no event will the obligations issued by the Board be considered a debt or obligation of the County or the City in any manner whatsoever, and the source of the funds to satisfy the Board's payment obligations thereunder shall be limited solely to the TIF Revenues allocable to the Board hereunder.

ii. The proceeds of the notes, bonds or obligations shall be used to pay the costs of the public improvements described above together with expenses of the Board in connection with the Project and the tax increment financing and capitalized interest on the notes, bonds or other obligations for a maximum period of two (2) years from the date of completion of the Project.

Alternatively, the Board may enter into a development agreement with the Developer to reimburse the Developer for eligible costs relating to the Project in an amount not in excess of \$2,500,000.

Any development agreement shall require the Developer to pay the Board such administrative fees and expenses, including any fees and expenses of the City and the County, as the Board requires pursuant to the development agreement as is provided in the Board's policies and procedures relating to tax increment incentives.

c. Time Period. Taxes on the real and personal property within the Plan Area will be divided and distributed as provided in this Section of the Economic Impact Plan for a period, as to each parcel of property in the Plan Area, not in excess of twenty (20) years as to any parcel but, in any event, such allocations shall cease when there are not eligible costs, including debt service, to be paid from TIF Revenues.

d. Qualified Use. The Board, the City and the County, by the adoption of this Plan, find that the use of the TIF Revenues as described herein, is in furtherance of promoting economic development in the City and the County and that costs to be financed as described herein are costs of the Project.

## **VII. Approval Process**

Pursuant to Tenn. Code Ann. § 7-53-312, the process for the approval of this Economic Impact Plan is as follows:

a. The Board holds a public hearing relating to the proposed Economic Impact Plan after publishing notice of such hearing in a newspaper of general circulation in the City and the County at least two (2) weeks prior to the date of the public hearing. The notice must include the time, place and purpose of the hearing as well as notice of how a map of the subject area may be viewed by the public. Following such public hearing, the Board may submit the Economic Impact Plan to the City and the County for their approval.

b. The governing bodies of the City and the County must approve the Economic Impact Plan. The Economic Impact Plan may be approved by resolution of the County Commission or City Council, whether or not the local charter provisions of the governing bodies provide otherwise.

c. Once the Economic Impact Plan has been approved by the governing bodies of the City and the County, the clerk or other recording official of the governing bodies shall transmit the following to the appropriate tax assessor and taxing agency affected: (a) a copy of the description of the property within the Plan Area, and (b) a copy of the resolution approving the Economic Impact Plan. A copy of the Economic Impact Plan and the resolutions approving the Plan shall be filed with the Comptroller of the State and annual statements of incremental tax revenues allocated to the Board shall be filed with the State Board of Equalization as required by the Tax Increment Act. The Board will also comply with all other procedural requirements of the Tax Increment Act and other applicable laws.

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EXHIBIT 1 (page 2)

H & J Developers  
 417 Southwest Commercial Park  
 Tax Increment Financing  
 Plan Area Parcels & Current Taxes  
 November 19, 2018

Current Year (2017) Property Taxes

Owned or Under Option Parcels

Parcel I.D. Number	Property Owner	Total			Total
		Assessed Value	City Taxes	County Taxes	
52.02, .07, .08 - 67	H. David & Sharon Hayes / AE & Joyce Jolley	\$ 320,000	\$ 109	\$ 256	\$ 365
01.00 - 68	Edd Stone	\$ 1,750,600	\$ 31	\$ 724	\$ 756
77.06 - 57	H. David & Sharon Hayes / AE & Joyce Jolley	\$ 28,300	\$ 113	\$ 266	\$ 379
32.00 - 58	H. David & Sharon Hayes / AE & Joyce Jolley	\$ 552,200	\$ 2,207	\$ 5,191	\$ 7,397
32.13 - 58	H. David & Sharon Hayes / AE & Joyce Jolley	\$ 299,600	\$ 1,197	\$ 2,816	\$ 4,013
32.10 - 58	H. David & Sharon Hayes / AE & Joyce Jolley	\$ 504,000	\$ 2,014	\$ 4,738	\$ 6,752
34.07 - 58	LKM Properties, LP	\$ 1,276,800	\$ 5,102	\$ 12,002	\$ 17,104
34.02 - 58	Todd R. Mounts / Larry R. Churchwell II	\$ 155,400	\$ 621	\$ 1,461	\$ 2,082
		<u>\$ 4,886,900</u>	<u>\$ 11,394</u>	<u>\$ 27,453</u>	<u>\$ 38,848</u>

Non-Owned Parcels

60.00 - 67	Ben & Linda Franklin	\$ 326,000	\$ -	\$ 1,364	\$ 1,364
54.02 - 67	Ben Franklin (Etal)	\$ 128,400	\$ -	\$ 237	\$ 237
52.00 - 67	Darrell & Jo Carolyn Manning	\$ 135,800	\$ -	\$ 798	\$ 798
52.06 - 67	Everett Tipton	\$ 58,800	\$ -	\$ 345	\$ 345
52.01 - 67	Bill & Mary N. Tipton	\$ 61,500	\$ -	\$ 361	\$ 361
02.00 - 68	Fred Longmire	\$ 521,900	\$ -	\$ 650	\$ 650
32.12 - 58	Bharat T. Patel / Pares J. Patel	\$ 261,100	\$ 1,043	\$ 2,454	\$ 3,498
52.04 - 67	Michael & Michelle Dillon	\$ 176,400	\$ -	\$ 1,036	\$ 1,036
52.03 - 67	Dennis & Karen Morgan	\$ 219,400	\$ -	\$ 1,288	\$ 1,288